

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

<b>In re:</b>  <b>W.R. GRACE &amp; CO., et al.,</b>  <b>Debtors.</b>	<b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b>	<b>Chapter 11</b>  <b>Jointly Administered</b> <b>Case No. 01-01139 (JKF)</b>
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**FEE AUDITOR'S COMBINED FINAL REPORT REGARDING  
THOSE FEE APPLICATIONS WITH NO FEE OR EXPENSE ISSUES  
FOR THE THIRTY-THIRD INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding all the Interim Fee Applications of those firms for which we have no fee or expense issues for the Thirty-Third Interim Period (collectively referred to hereafter as the “Applications”).<sup>1</sup>

**BACKGROUND**

1. Anderson Kill & Olick, P.C. (“AKO”), was retained as special insurance counsel to the Official Committee of Asbestos Personal Injury Claimants. AKO seeks approval of fees totaling \$986,833.00 and expenses totaling \$11,359.81 for its services during the Application Period.
2. David T. Austern (“Austern”) was retained as the Legal Representative for Future Claimants. Austern seeks approval of fees totaling \$32,800.00 and expenses totaling \$1,166.43 for his services during the Application Period.

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<sup>1</sup>The Thirty-Third Interim Period encompasses April 1, 2009 through June 30, 2009 (the “Application Period”).

3. Beveridge & Diamond, P.C. (“Beveridge & Diamond”), was retained as special counsel to the Debtors. Beveridge seeks approval of fees totaling \$172,459.70 and expenses totaling \$2,682.67 for its services during the Application Period.
4. Blackstone Advisory Services L.P. (“Blackstone”) was retained as financial advisor to the Debtors. Blackstone seeks approval of a flat fee totaling \$500,000.00<sup>2</sup> and expenses totaling \$10,506.57 for its services during the Application Period.
5. BMC Group (“BMC”) was retained as Claims Reconciliation and Solicitation Consultant to the Debtors. BMC seeks approval of fees totaling \$512,989.00 and expenses totaling \$86,904.61 for its services during the Application Period.
6. Campbell & Levine, LLC (“Campbell & Levine”), was retained as Delaware and associated counsel to the Official Committee of Asbestos Personal Injury Claimants. Campbell & Levine seeks approval of fees totaling \$148,695.50 and expenses totaling \$16,218.71 for its services during the Application Period.
7. Capstone Advisory Group, LLC (“Capstone”), was retained as financial advisor to the Official Committee of Unsecured Creditors. Capstone seeks approval of fees totaling \$195,700.00 and expenses totaling \$593.58 for its services during the Application Period.
8. Casner & Edwards, LLP (“Casner”), was retained as special litigation counsel to the Debtors. Casner seeks approval of fees totaling \$35,963.50 and expenses totaling \$41,303.79 for its services during the Application Period.
9. Charter Oak Financial Consultants, LLC (“Charter Oak”), was retained as financial advisor

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<sup>2</sup>For the Application Period, Blackstone lists 828.60 hours worked, which computes to an effective hourly rate of \$603.43.

to the Official Committee of Asbestos Personal Injury Claimants. Charter Oak seeks approval of fees totaling \$44,357.50 and no expenses for its services during the Application Period.

10. Day Pitney LLP (“Day Pitney”) was retained as special counsel to the Debtors. Day Pitney seeks approval of fees totaling \$25,040.00 and expenses totaling \$53.36 for its services during the Application Period.
11. Ferry, Joseph & Pearce, P.A. (“Ferry Joseph”), was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. Ferry Joseph seeks approval of fees totaling \$97,953.50 and expenses totaling \$3,512.22 for its services during the Application Period.
12. Foley Hoag LLP (“Foley Hoag”) was retained as special environmental counsel to the debtor. Foley Hoag seeks approval of fees totaling \$147,015.75 and expenses totaling \$3,142.61 for its services during the Application Period.
13. Hamilton, Rabinovitz & Alschuler, Inc. (“HRA”), was retained as consultant to the Official Committee of Asbestos Property Damage Claimants. HRA seeks approval of fees totaling \$1,562.50 and no expenses for its services during the Application Period.
14. Holme Roberts & Owen, LLP (“Holme”), was retained as special environmental counsel to the Debtors. Holme seeks approval of fees totaling \$2,379.50 and expenses totaling \$4,685.54 for its services during the Thirty-First Interim Period.<sup>3</sup>
15. Kramer Levin Naftalis & Frankel LLP (“Kramer Levin”) was retained as co-counsel to the

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<sup>3</sup>The Thirty-First Interim Period encompasses October 1, 2008 through December 31, 2008.

- Official Committee of Equity Holders. Kramer Levin seeks approval of fees totaling \$215,996.50 and expenses totaling \$5,645.60 for its services during the Application Period.
16. Legal Analysis Systems, Inc. (“LAS”), was retained as asbestos-related bodily injury consultant to the Official Committee of Asbestos Personal Injury Claimants. LAS seeks approval of fees totaling \$154,137.50 and no expenses for its services during the Application Period.
  17. The Official Committee of Asbestos Personal Injury Claimants (the “Committee”) was formed on April 12, 2001 to represent the interests of the asbestos personal injury claimants in these cases. The Committee seeks approval of expenses totaling \$90.00 for its services during the Application Period. All of the expenses were incurred by Committee Member Motley Rice, LLC.
  18. Ogilvy Renault LLP (“Ogilvy Renault”) was retained as special counsel to the Debtors and Debtors-in-Possession in Canada. Ogilvy Renault seeks approval of fees totaling CDN\$32,882.00<sup>4</sup> and expenses totaling CDN\$211.78 for its services during the Application Period.
  19. Piper Jaffray & Co. (“PJC”) was retained as financial advisor to David T. Austern, Future Claimants’ Representative. PJC seeks approval of a flat fee totaling \$140,000.00<sup>5</sup> and expenses totaling \$136.20 for its services during the Application Period.
  20. PricewaterhouseCoopers LLP (“PwC”) was retained as auditors and tax consultants to the

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<sup>4</sup>Consistent with Ogilvy Renault’s Application, all dollar amounts in this report pertaining to Ogilvy Renault are in CDN.

<sup>5</sup>For the Application Period, PJC lists 310.30 hours worked, which computes to an effective hourly rate of \$451.18.

Debtors and Debtors-in-Possession. PwC seeks approval of fees totaling \$444,099.25 and expenses totaling \$4,520.51 for its services during the Application Period. In addition, in separate applications, PwC seeks fees totaling \$36,647.48 and expenses totaling \$78.81 for its work on the Darex 2007 Puerto Rico Audit, and fees totaling \$51,264.56 and expenses totaling \$40.00 for its work on the Darex 2008 Puerto Rico Audit.

21. Reed Smith LLP (“Reed Smith”) was retained as special asbestos products liability defense counsel to the Debtors. Reed Smith seeks approval of fees totaling \$167,206.50 and expenses totaling \$41,537.15 for its services during the Application Period.<sup>6</sup>
22. The Honorable Alexander M. Sanders, Jr. (“Judge Sanders”), was appointed Legal Representative for Future Asbestos-Related Property Damage Claimants. Judge Sanders seeks approval of \$25,020.00 in fees and \$747.20 in expenses for his services during the Application Period.
23. Steptoe & Johnson LLP (“Steptoe”) was retained as special tax counsel to the Debtors. Steptoe seeks approval of fees totaling \$12,366.50 and expenses totaling \$69.00 for its services during the Application Period.
24. Towers Perrin Tillinghast (“Towers Perrin”) was retained as actuarial consultant to David T. Austern, Future Claimants Representative. Towers Perrin seeks approval of fees totaling

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<sup>6</sup>We note that on or about August 26, 2002, the Court entered an order approving a total budget for the ZAI Science Trial of \$1.5 million in fees and \$500,000 in expenses for the debtor, as well as \$1.5 million in fees and \$500,000.00 in expenses for ZAI counsel. On July 28, 2003, the Court entered an order increasing the budget by \$950,000 per side for additional attorney fees and expenses. On September 27, 2004, the Court entered an order further increasing the litigation budget in the ZAI Science Trial by \$750,000.00 per side for additional attorneys’ fees and expenses. We note that the ZAI-related fees and expenses of Reed Smith, combined with those of Kirkland & Ellis LLP, have not exceeded the budget limits set by the Court, and we have no objection to Reed Smith’s fees on that basis.

\$1,322.50 and no expenses for its services during the Application Period.

25. Tre Angeli LLC ("Tre Angeli") was retained as financial advisor to David T. Austern, Future Claimants' Representative. Tre Angeli seeks a flat fee of \$130,000.00<sup>7</sup> and expenses totaling \$514.13 for its services during the Application Period.
26. Woodcock Washburn LLP ("Woodcock Washburn") was retained as special litigation counsel to the Debtors. Woodcock Washburn seeks approval of fees totaling \$7,611.00 and expenses totaling \$950.00 for its services during the Application Period.
27. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2008, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

### **DISCUSSION**

28. We have no objections to or issues with, any of the Applications.

### **CONCLUSION**

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<sup>7</sup>For the Application Period, Tre Angeli lists 179.80 hours worked, which computes to an effective hourly rate of \$723.02.


29. In summary, for the Application Period, we recommend approval of the following fees and expenses for these Applicants:

- a. AKO - \$986,833.00 in fees and \$11,359.81 in expenses;
- b. Austern - \$32,800.00 in fees and \$1,166.43 in expenses;
- c. Beveridge & Diamond - \$172,459.70 in fees and \$2,682.67 in expenses;
- d. Blackstone - \$500,000.00 in fees and \$10,506.57 in expenses;
- e. BMC - \$512,989.00 in fees and \$86,904.61 in expenses;
- f. Campbell & Levine - \$148,695.50 in fees and \$16,218.71 in expenses;
- g. Capstone - \$195,700.00 in fees and \$593.58 in expenses;
- h. Casner - \$35,963.50 in fees and \$41,303.79 in expenses;
- i. Charter Oak - \$44,357.50 in fees;
- j. Day Pitney - \$25,040.00 in fees and \$53.36 in expenses;
- k. Ferry Joseph - \$97,953.50 in fees and \$3,512.22 in expenses;
- l. Foley Hoag - \$147,015.75 in fees and \$3,142.61 in expenses;
- m. HRA - \$1,562.50 in fees;
- n. Holme - \$2,379.50 in fees and \$4,685.54 in expenses for the Thirty-First Interim Period;
- o. Kramer Levin - \$215,996.50 in fees and \$5,645.60 in expenses;
- p. LAS - \$154,137.50 in fees;
- q. Official Committee - \$90.00 in expenses (all of which is for Committee Member, Motley Rice, LLC);
- r. Ogilvy Renault - CDN\$32,882.00 in fees and CDN\$211.78 in expenses;
- s. PJC - \$140,000.00 in fees and \$136.20 in expenses;

- t. PwC - \$444,099.25 in fees and \$4,520.51 in expenses; plus \$36,647.48 in fees and \$78.81 in expenses for its work on the Darex 2007 Puerto Rico Audit; and \$51,264.56 in fees and \$40.00 in expenses for its work on the Darex 2008 Puerto Rico Audit;
- u. Reed Smith - \$167,206.50 in fees and \$41,537.15 in expenses;
- v. Judge Sanders - \$25,020.00 in fees and \$747.20 in expenses;
- w. Steptoe - \$12,366.50 in fees and \$69.00 in expenses;
- x. Towers Perrin - \$1,322.50 in fees;
- y. Tre Angeli - \$130,000.00 in fees and \$514.13 in expenses; and
- z. Woodcock Washburn - \$7,611.00 in fees and \$950.00 in expenses.

Respectfully submitted,

**WARREN H. SMITH & ASSOCIATES, P.C.**

By:   
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**FEE AUDITOR**



**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 3<sup>rd</sup> day of December, 2009.

A handwritten signature in black ink, appearing to read "W. H. Smith", is written above a horizontal line.

Warren H. Smith

## **SERVICE LIST**

### **Notice Parties**

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